

WEIL, GOTSHAL & MANGES LLP
Richard W. Slack (*pro hac vice*)
(richard.slack@weil.com)
Jessica Liou (*pro hac vice*)
(jessica.liou@weil.com)
Matthew Goren (*pro hac vice*)
(matthew.goren@weil.com)
767 Fifth Avenue
New York, NY 10153-0119
Tel: 212 310 8000
Fax: 212 310 8007

KELLER BENVENUTTI KIM LLP
Jane Kim (#298192)
(jkim@kbbkllp.com)
David A. Taylor (#247433)
(dtaylor@kbbkllp.com)
Thomas B. Rupp (#278041)
(trupp@kbbkllp.com)
650 California Street, Suite 1900
San Francisco, CA 94108
Tel: 415 496 6723
Fax: 650 636 9251

Attorneys for Debtors and Reorganized Debtors

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric
Company
☒ Affects both Debtors

** All papers shall be filed in the Lead
Case, No. 19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)
Chapter 11 (Lead Case) (Jointly Administered)

**DECLARATION OF SETH PEREZ IN SUPPORT OF
REORGANIZED DEBTORS' MOTION PURSUANT
TO FED. R. BANKR. P. 9019 FOR ENTRY OF AN
ORDER (I) APPROVING THE SETTLEMENT
AGREEMENT WITH SANTA CLARA DBA SILICON
VALLEY POWER AND (II) GRANTING RELATED
RELIEF**

Date: January 10, 2023
Time: 10:00 a.m. (Pacific Time)
Place: (Tele/Videoconference Only)
United States Bankruptcy Court,
Courtroom 17, 16th Floor
San Francisco, CA 94102
Judge: Hon. Dennis Montali

1 I, Seth Perez, pursuant to section 1746 of title 28 of the United States Code, hereby
2 declare under penalty of perjury that the following is true and correct to the best of my knowledge,
3 information, and belief:

4 1. I am a Strategic Agreement Consultant in the Power Generation department of
5 Pacific Gas and Electric Company (the “**Utility**”). The Utility is a wholly-owned subsidiary of PG&E
6 Corporation (“**PG&E Corp.**” and, together with the Utility, “**PG&E**,” the “**Debtors**” or “**Reorganized**
7 **Debtors**”). In 2013, I joined PG&E as a land agent. In 2020, I was promoted to Hydro Support
8 Supervisor, and in 2021, I was promoted to Strategic Agreement Consultant. I have a bachelor’s degree
9 in economics, and a master’s degree in business administration. In my current role as Strategic
10 Agreement Consultant, I am responsible for overseeing PG&E’s portfolio of hydro generation assets and
11 managing PG&E’s hydro generation partnership and coordinated operations agreements with water
12 agencies, irrigation districts, and the City of Santa Clara. Consequently, I am the person at PG&E who
13 is chiefly responsible for managing the relationship with the City of Santa Clara involving the Grizzly
14 Powerhouse Development (“**Grizzly**”).

15 2. I am authorized to submit this Declaration (the “**Declaration**”) on behalf of the
16 Reorganized Debtors in support of the *Motion of the Reorganized Debtors Pursuant to Fed. R. Bankr.*
17 *P. 9019 for Entry of an Order (I) Approving the Settlement Agreement with Santa Clara DBA Silicon*
18 *Valley Power Resolving Santa Clara’s Cure Dispute and Motion to Compel and (II) Granting Related*
19 *Relief* (the “**Motion**”), filed contemporaneously herewith. The facts set forth in this Declaration are
20 based upon my personal knowledge, my review of relevant documents, and information provided to me
21 by the Reorganized Debtors’ other employees. If called upon to testify, I would testify competently to
22 the facts set forth in this Declaration.

23 3. The Motion seeks approval of the settlement agreement entered into by and among the
24 Reorganized Debtors and the City of Santa Clara DBA Silicon Valley Power (“**SVP**” and together with
25 the Reorganized Debtors, the “**Parties**”) attached as **Exhibit 1** to the Motion (the “**Settlement**
26 **Agreement**”). The Settlement Agreement resolves all disputes between the Parties relating to Grizzly
27
28

1 and the *Grizzly Development and Mokelumne Settlement Agreement* (the “**GDMSA**”), which governs,
2 among other things, the Parties’ respective rights and obligations with respect to delivery of electric
3 power generated by Grizzly. The Settlement Agreement resolves disputes include those arising out of
4 or relating to (a) the *Objection to Cure Amount and Request for Adequate Assurance of Future*
5 *Performance by Counterparty City of Santa Clara DBA Silicon Valley Power* [Docket No. 7208] (the
6 “**Initial Cure Objection**”), (b) the *Supplemental Objection to Cure Amount and Request for Adequate*
7 *Assurance of Future Performance by Counterparty City of Santa Clara dba Silicon Valley Power*
8 [Docket No. 7691] (the “**Supplemental Cure Objection**” and, together with the Initial Cure Objection,
9 the “**Cure Dispute**”), and (c) the *City of Santa Clara dba Silicon Valley Power’s Motion to Compel*
10 *Assumption or Rejection of Executory Contract Concerning the Grizzly Development and Mokelumne*
11 *Settlement Agreement* [Docket No. 10998] (the “**Motion to Compel**”).

12 Specifically, pursuant to the Settlement Agreement the Reorganized Debtors have agreed
13 to (i) assume the GDMSA; (ii) make a cash payment to SVP in the amount of \$2,000,000 within thirty
14 days of the Bankruptcy Court’s entry of a Final Order approving the Settlement Agreement under
15 Bankruptcy Rule 9019 (the “**Settlement Effective Date**”); (iii) reconnect Grizzly to PG&E’s
16 transmission system (the “**Grid**”); and (iv) act as the project manager for the repair of the transmission
17 line and the other facilities necessary for interconnection of Grizzly with the Grid as described under and
18 defined in Section 1.1.33(f) of the GDMSA (the “**Grizzly Tap Line**”). The Settlement Agreement
19 benefits the Debtors’ estates by resolving outstanding litigation in the Chapter 11 Cases and providing a
20 release of any and all claim arising out of or relating to Grizzly that the Parties may have asserted prior
21 to the date of the Settlement Agreement, including, without limitation, any claims arising under or
22 relating to the GDMSA, any and all agreements related to, referenced, or incorporated in the GDMSA,
23 the Grizzly Tap Line, the Motion to Compel, the Cure Dispute, and any fires that occurred before the
24 Settlement Effective Date. Further, reconnecting Grizzly to the Grid, and resuming the transmission of
25 electricity generated by Grizzly, would benefit the Reorganized Debtors, the Debtors’ estates and
26 creditors.

4. The Settlement Agreement is the product of months of extensive good faith, arm's length negotiations between the Parties. I actively participated in several formal and informal mediation sessions before former Chief Bankruptcy Judge, the Hon. Randall Newsome, and the negotiations with SVP. Senior members of management evaluated the disputes concerning Grizzly and PG&E has received advice concerning the Settlement Agreement from experienced counsel. After considering this advice and the benefits of the Settlement Agreement, including those set forth above, PG&E has determined it would be more cost-efficient to resolve all disputes related to Grizzly consensually than to engage in further discussion, mediation, or litigation. Further, the decision to enter into the Settlement Agreement was considered and approved through an extensive process involving PG&E's Portfolio Strategy Team (which I am a part), Electric Transmission Contract Management Team, and senior members of PG&E's management including the Senior Vice President of Electric Operations. The Portfolio Strategy Team, Electric Transmission Contract Management Team, and the Senior Vice President of Electric Operations were consulted throughout the course of negotiations with SVP and there were numerous communications between and among those persons concerning those negotiations.

5. The entry into the Settlement Agreement represents a sound exercise of the Debtors' business judgment. The Settlement Agreement fully resolves all of the Parties' disputes related to Grizzly, eliminates the costs and uncertainties associated with further litigation, and establishes the path forward for reconnecting Grizzly to the Grid. For the above reasons, the Settlement Agreement is fair and reasonable and in the best interests of the Reorganized Debtors, the Debtors' estates, creditors, and all other parties in interest, and should be approved.

6. Pursuant to 28 U.S.C. § 1746, I declare under the penalty of perjury, that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: December 16, 2022
Oakland, California

/s/Seth Perez
Seth Perez